



N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimants

Melvin H. and Delores H. Matthews et. al

90-03265

Name of Respondents

Shearson Lehman Brothers, Inc.
Nelson M. Polun

REPRESENTATION

For Claimants: Dickee M. Howard, Esq. and William N. Butler, Esq.
of the law firm of Howard, Butler & Melfa, P.A.

For Respondents: Victor A. Machcinski, Esq.

CASE INFORMATION

Statement of Claim filed: November 19, 1990.

Claimants' Submission Agreements signed on: October 11, 1990.

Joint Statement of Answer filed by Respondents Shearson Lehman Hutton, Inc.
and Nelson M. Polun on: February 14, 1991.

Respondent Shearson Lehman Hutton, Inc.'s Submission Agreement signed on:
February 13, 1991.

Respondent Nelson M. Polun's Submission Agreement signed on: April 8, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: May 21, 1992, 2 Sessions
May 22, 1992, 2 Sessions
April 28, 1992, 2 Sessions
April 29, 1992, 2 Sessions

Pre-hearing conference: April 27, 1992

Hearing Location: Baltimore, Maryland.

CASE SUMMARY

Claimants alleged that Respondents purchased securities for their accounts that were unsuitable and made unsuitable recommendations to Claimants; churned their accounts to generate commissions and Claimant further alleged they did not authorize the opening of a margin account as such was unsuitable for Claimants; Respondents acted negligently; Respondent Shearson Lehman Hutton, Inc. failed to properly supervise Respondent Nelson M. Polun's activities in the handling of Claimants' accounts; Respondents have employed manipulation or deceptive practices to defraud and have engaged in acts which operated as a fraud or deceit and Respondents' acts were reckless and willful.

Respondents Shearson Lehman Hutton, Inc. and Nelson M. Polun maintained the investments through Respondents were both suitable and profitable and all activity was authorized and controlled by Claimants. Respondents further maintained the transactions generated only reasonable commissions and the account activity is totally inconsistent with a good faith claim of churning and the frivolous nature of Claimants' claim entitles Respondents to an award of costs and attorneys fees in connection with a complete dismissal. Respondents further maintained the transactions in Claimants' accounts were consistent with their stated investment objectives at all times, and in accordance with the express authorization given to Respondents for specific purchases and sales including the use of margin and Claimants ratified the transactions in their accounts and to the extent there were losses they were the result of unforeseen market fluctuations and within the risk that Claimants assumed.

RELIEF REQUESTED

In their Statement of Claim, Claimants requested compensatory damages of \$250,000.00 and punitive damages of \$250,000.00; at the end of the hearing Claimants amended their request for compensatory damages to \$36,700.00, attorneys' fees, expenses and costs of the proceedings.

Respondents requested dismissal of all claims against them and that costs including attorneys' fees be assessed against the Claimants.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants hereby are denied in their entirety.

2. The Claimants' request for compensatory and punitive damages is denied.
3. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

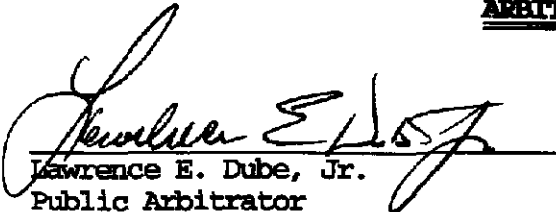
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

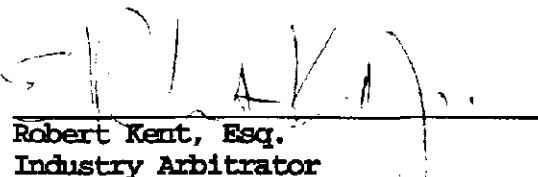
7 sessions X \$750.00 = \$5,250.00 plus pre-hearing
conference (\$300.00) = \$5,550.00 minus hearing session
deposit of \$750.00 = net \$4,800.00 due.

The Claimants be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$2,025.00 to represent forum fees and the Respondents be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$2,775.00 to represent forum fees.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATOR SIGNATURES


Lawrence E. Dube, Jr.
Public Arbitrator


Robert Kent, Esq.
Industry Arbitrator


Marshall Passman
Public Arbitrator

Date of Decision: July 28, 1992